



MOVING TO WORK THE HATFIELD EXPERIMENT

Housing Authority of Portland
FY 2005 (YEAR SIX) Annual Report

June 22, 2005

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Introduction

This last year has been eventful. HAP has made significant changes to Section 8 rent policies and moved to a site-based Public Housing system that involved orchestrating two separate and thorough planning processes to ensure full agency and broader community input, including participation from Section 8 participants, landlords, applicants and community agencies. HAP also undertook a thoughtful examination of our housing services program with the intent on focusing our efforts and improving community partnerships. The return of former residents to New Columbia represented a significant milestone at our successful HOPE VI project. And HAP has been working to expand our very successful Family Self-Sufficiency programs into a broader agency initiative using housing as a path to economic independence.

In conjunction with our efforts over the last year, we have added two new goals to the list of Moving to Work goals from our original agreement (complete list in Appendix G):

- To use MTW flexibility to expand self-sufficiency opportunities and housing choices
- To use MTW flexibility to respond to local housing needs and community priorities

We look forward to continuing this work.

Year Six Accomplishments During Fiscal Year 2005

FOLLOW UP ON YEAR SIX MOVING TO WORK PLAN

RENT POLICY OPTIONS

Reduced reviews for elderly households

- Section 8 and Public Housing will implement an alternate annual review schedule for elderly households and hold these reviews every other year.
- *HAP has approved a policy change for fiscal year 2006 that allows an alternate annual review schedule for elderly and disabled households with stable incomes. HAP is waiting for scheduled computer software upgrades to be completed this fall to implement this change.*

Flat rents

- Flat rents will be part of a HAP strategy to increase rent options for Public Housing residents. This option offers families the assurance of a flat rent over a three-year period, regardless of any increases in the family income.
- *HAP has not yet implemented flat rents in our Public Housing program but will be making that shift this year after the agency has fully transitioned to site-based management. The initial plan is to use existing ceiling rents as the flat rents for one to two years. HAP will be also looking at flat rents in the context of other possible rent policy changes focused on increasing resident and participant economic opportunity.*

Restructure of the Section 8 Subsidy

- HAP will consider the elimination of a current subsidy based on income and base subsidies instead on family size.
- *HAP has not eliminated a subsidy based on income. HAP will be continuing to explore the impact of different rent policies in both Public Housing and Section 8 to find ways to serve families working toward economic independence with a goal of leaving housing assistance.*

Minimum rents

- HAP will gather cost and benefit information creating a minimum rent for all non-elderly/non-disabled households. This would be to increase agency resources so that more households can be assisted as well as to encourage a greater contribution from current residents and participants.
- *HAP has determined not to pursue minimum rents at this time as the cost of implementing the program is greater than the financial benefits. However, HAP continues to look for ways to extend housing opportunities to a greater number of qualified households.*

OCCUPANCY ISSUES

Alcohol and drug free housing

- HAP will explore the feasibility and utility of converting a selected Public Housing community or development for families who agreed to abide by a "No Use" condition of residence.
- *HAP has determined that at this time it would be too costly to convert an existing community into an alcohol and drug free community.*

Site-based waiting lists

- HAP will develop a Public Housing site-based waiting list policy during FY 2005.
- *HAP developed a site based waiting list policy and implemented that policy on April 1, 2005.*

FAMILY SELF-SUFFICIENCY (FSS) PROGRAM

- HAP will begin to market, recruit and contact participants of our Local Option Project Based Section 8 program. HAP will administer escrow funds directly for those participants who port-in from other communities.
- *HAP started to contact and recruit participants of our Local Option Project Based Section 8 program for our GOALS program. Housing Services staff work closely with Section 8 department staff to ensure successful referrals.*

FUNDING ISSUES

- HAP will begin to utilize Capital Grant debt financing to provide capital both for its HOPE VI New Columbia redevelopment and for other deferred capital needs within its Public Housing portfolio.
- *HAP used HUD's Capital Fund Finance Program (CFFP) for the development of New Columbia. HAP submitted a CFFP application to HUD on November 1, 2004 and received final approval on March 1, 2005. On March 31, 2005, HAP closed a \$6.1 million CFFP transaction in support of the Trouton phase of New Columbia.*

TRANSITION ISSUES

- During Year 6 HAP will work with HUD to develop a transition plan that would maximize the benefits for the people we serve and the community.
- *While HAP had originally anticipated spending this past year planning and transitioning for an eventual termination, instead HAP used this year to benefit from the regulatory relief afforded to us as a Moving to Work agency. Our hope is that the work we are doing will be carried forward either through an extension of our Moving to Work status or with authority granted by HUD through waivers.*

ADDITIONAL ACHIEVEMENTS

SECTION 8

Over this past year, HAP considered and processed with Section 8 participants, landlords, community members and staff, significant changes to our Section 8 program. These changes were a result of a gap between HAP's average monthly cost per voucher and HUD funding levels. Participants and community members agreed that it would be best not to terminate current participants, even though that would mean that current participants would have to pay more. To address the \$3.8 million shortfall, HAP adopted the following policies:

- Increase the percentage of income participants pay toward rent by five percent.
- Change bedroom occupancy standards for new participants and current participants who move.
- Freeze rents and deny all landlord rent increases.
- Cap all rent payment standards at 100 percent of Fair Market Rents (FMRs) for different bedroom sizes effective at participants' second regular review or when they move.
- Adopt a bi-annual inspection protocol for Section 8 units known historically to be in good repair.

HAP will also:

- Consider creating an expanded policy to prohibit Section 8 program participation by landlords who refuse to enforce their leases, do not comply with their contract, and/or do not respond to neighborhood complaints. *A waiver from HUD will be required in order for HAP to adopt its own criteria.*

Additional information on these policy changes is listed in Section II and in Appendix A.

PUBLIC HOUSING

Public Housing underwent a significant transformation, moving from a centralized model to a site-based management structure. As part of HAP's move to a site-based property management, HAP adopted a site-based admissions policy that includes waiting list management.

Additional information on the transformation of Public Housing is included in Section II and Appendix D.

HOUSING SERVICES

In 2004, the Housing Authority of Portland, facing significant funding challenges across its housing programs, undertook a strategic assessment of the services it provides. The assessment identified several areas for ongoing program focus, as well as areas that could best be handled by partners outside the organization. In addition, the assessment provided recommendations on how to improve services that the agency will continue to

manage. All of the recommendations were approved by the executive management team and the HAP Board and now must be implemented in FY 2006.

These recommendations included the commitment to make a fundamental shift in HAP's role as a service provider, moving from the position of direct service provider to the responsibility of an administrator of grants, with clearly stated expectations and accountabilities written into contracts. HAP can also share in writing grants with community organizations, as well as identify funding from other sources. Family Self-Sufficiency programs and resident service coordinators will continue to be directly provided by HAP.

Implementation is underway and the overall department transition will be completed by March 31, 2006.

NEW COLUMBIA

HAP's 82-acre redevelopment of the former Columbia Villa Public Housing complex made tremendous progress during the past year. New infrastructure and construction of the first phase of this mixed income, mixed-use neighborhood was on-time and on-budget. The first three blocks, including 91 apartments for rent and the first pocket park and playground, were ready for occupancy by May 2005. Builders of homes for sale will have the first homes ready to move into by July 2005, when another group of 84 rentals and the central park are scheduled to open. Openings of rentals and for sale homes will continue in monthly segments until construction ends in December 2006.

In January 2005, all former Columbia Villa residents were surveyed about their desire to return. Workshops and tours by HAP caseworkers were held to help them in their decisions. Over 60 percent responded that they would like to return. A random drawing was held to provide a prioritized ranking of these households given their preference for timing, bedroom size and type of rental subsidy. Thus, each household knows the timing of their scheduled return to New Columbia.

Section I: Households Served

Number and Characteristics of Households Served

The data in this section is compiled from the HAP database and will provide information on all households served by HAP under the HUD-funded Moving To Work program. The data explains the number of households by unit size, family type income group, program and housing type, race and ethnicity, and disability. When possible, comparisons are shown for the first six years of Moving to Work to explore changes in tenant characteristics. The data represents households served on March 31, 2005, the end of HAP's fiscal year.

GENERAL INFORMATION

In March 1999, HAP served 7,794 MTW households, 2,628 households in Public Housing and 5,166 households through the Section 8 program. In March 2005, the total number served increased to 8,455, with 2,228 households in Public Housing and 6,227 households in Section 8.

The primary reason for the decrease in Public Housing households is the redevelopment effort at New Columbia that temporarily removed 462 family units. HAP stopped moving new families into this development in April 2002 in anticipation of the relocation, and began holding vacant units in all other developments (except studio apartments) from January to October 2003. These units will gradually be replaced by 297 Public Housing units in a larger mixed-income development, beginning in May 2005 and continuing through 2006. (Additionally, 73 project-based Section 8 units assisted in the replacement of very affordable housing on site, and 92 project-based Section 8 units were located in the North Portland community.) HAP intends to replace the remainder of the Public Housing units as part of a larger strategy to reactivate Public Housing units at other sites yet to be determined.

The reason for the increase in Section 8 households is HAP's successful application between 1999 and 2002 for new Section 8 resources. Additional vouchers have not been available since 2002.

In addition to households served through Public Housing and Section 8, HAP serves 5,309 households through non-MTW Section 8 and other programs that provide affordable and special needs housing.

UNIT SIZE AND FAMILY TYPE

Of the 2,228 households served in Public Housing, 878 are in family or scattered site developments and 1,350 are in elderly/adult developments, primarily in studio and one-bedroom apartments. This represents a decline in the number of family or scattered site units over the last six years. The New Columbia redevelopment will partially replenish the family unit inventory, including units for larger families.

While Public Housing households are categorized by development type and bedroom size, Section 8 data is presented by family size in Table 3. More than 40 percent of all Section 8 households are made up of single individuals and approximately another 40 percent are households comprised of two or three individuals. The rest of the households are made up of larger families. Changes in Section 8 program data include the conversion to an all voucher program during 2001. Despite the net loss of over 100 households from 2004 to 2005, the six-year increase of 1,111 reported households represents a 21.5 percent increase from the adjusted 1999 combined total for certificates and vouchers.

Table 1 Households Served at the End of MTW Year Six, 3/31/2005

Program	Total Households	Bedroom Size				
		Studio/1 BR	2 BR	3 BR	4 BR	5 BR
Public Housing						
Family/Scattered Site Developments	878	42	382	433	21	-
Elderly/Adult Developments	1,350	1,338	12	-	-	-
Total	2,228	1,380	394	433	21	0

The HAP computer database system no longer categorizes residents or participants by the “family type” categories of Family, Elderly or Disabled. Individual ages and disability status are collected and reported in HUD-50058 data. Public Housing households are now categorized by development type as shown in the above table. Section 8 data is presented by family size in the table below.

Table 2 Public Housing Households Served by Bedroom Size and Development Type

	3/10/1999		3/31/2005		Six-Year Change	
	Family/Scattered Site Developments	Elderly/Adult Developments	Family/Scattered Site Developments	Elderly/Adult Developments	Family/Scattered Site Developments	Elderly/Adult Developments
Studio/1 BR	147	1,337	42	1,338	-105	1
2 BR	559	8	382	12	-177	4
3 BR	498	0	433	0	-65	
4 BR	63	0	21	0	-42	
5 BR	16	0	0	0	-16	
Total	1,283	1,345	878	1,350	-405	5
Percent Change					-31.6%	0.4%

Eight two-bedroom units at Peaceful Villa were re-categorized from family to elderly/adult for both time periods in this table. Beginning in 2002, 48 Tamarack 1-bedroom units were classified as Elderly/Adult; in previous years the entire development was classified as Family. 462 Family units were removed in 2003 for HOPE VI construction.

Table 3
Section 8 Households Served by Family Size,
3/31/2005

Family Size	Total Vouchers
1	2,583
2	1,355
3	1,053
4	647
5	342
6	141
7	65
8	43
9	25
10 or more	23
Totals	6,277

Table 4 Section 8 Households Served

							Six-Year Change	
	Mar-99 Adjusted	3/31/2001	3/31/2002	3/31/2003	3/31/2004	3/31/2005	Number	Percent
Certificates	4,253	948	0				-4,253	-100.0%
Vouchers	913	4,385	5,567	5,701	6,384	6,277	5,364	587.5%
SUBTOTAL	5,166	5,333	5,567	5,701	6,384	6,277	1,111	21.5%
Spec Vouchers		342	370	385				
Total		5,675	5,937	6,086	6,384	6,277		
HOPE VI				237	237			
Adjusted Total				6,323	6,621	6,277		

The changes for Section 8 noted above include the completion of the conversion to an all voucher program during 2001. Despite the net loss of over 100 households from 2004 to 2005, the six-year increase of 1,111 reported households represents a 21.5% increase from the adjusted 1999 combined total for certificates and vouchers. Figures for 2005 include 237 HOPE VI voucher households that were inadvertently omitted from the 2003 and 2004 annual report. Special vouchers include 195 project-based vouchers and 198 special program vouchers.

Comparison of Incomes of Households Served

In both Section 8 and Public Housing, HAP has consistently served between 80% and 90% of households who are below 30% of Area Median Income.

Table 5 Income of Households Served at End of FY 2005 (3/31/2005)

	Total Households Served	Less than 30% of Area Median Income	30-50% of AMI	50-80% of AMI	Greater than 80% of AMI
Public Housing					
Households	2,228	2,021	166	36	5
Percent		90.7%	7.5%	1.6%	0.2%

Section 8

Vouchers and Special Vouchers	6,277	5,554	645	75	3
Percent		88.5%	10.3%	1.2%	0.0%

Table 6 Income of Households Served at Beginning of Demonstration

Data from 1/5/99					
Public Housing	Total Households Served	Less than 30% of Area Median Income	30-50% of AMI	50-80% of AMI	Greater than 80% of AMI
Households	2,633	1,883	514	194	42
Percent	100%	71.5%	19.5%	7.4%	1.6%
Section 8					
<i>All Section 8 households are below 50% of AMI. More specific data is unavailable.</i>					

Chart 1 Public Housing Households by Income Group

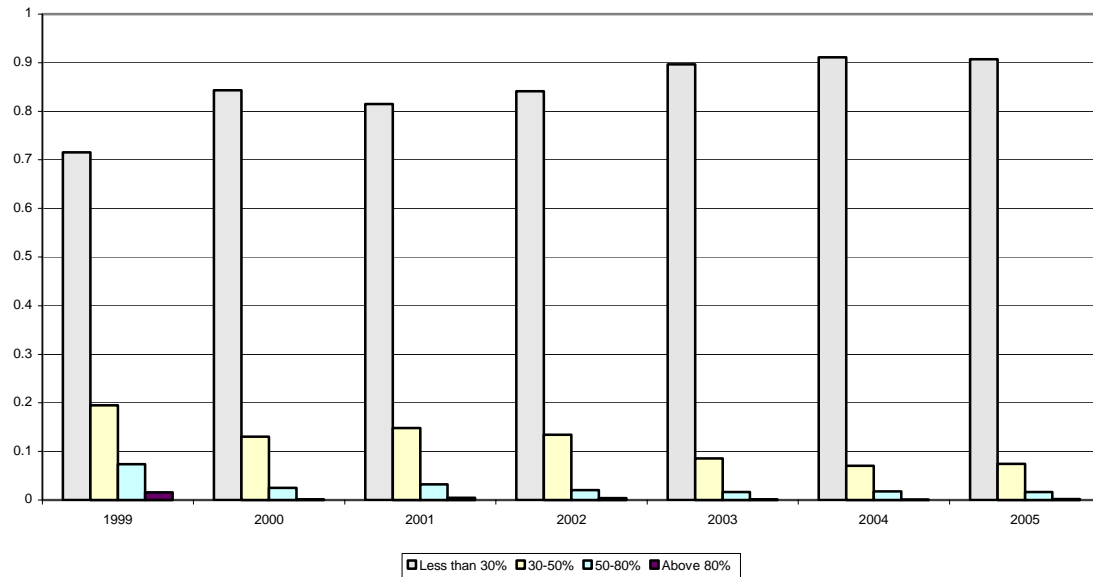
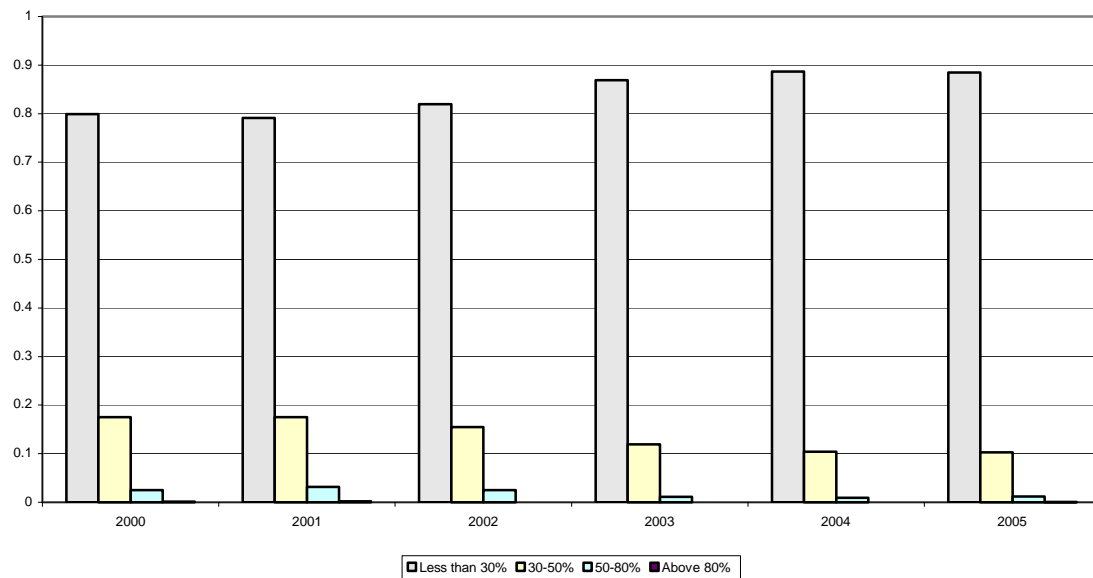


Chart 2 Section 8 Households by Income Group



Comparison of Race/Ethnicity of Households Served

Section 8 continues to serve a higher percentage of Black households than Public Housing, while Public Housing continues to serve a higher percentage of Hispanic households than Section 8. Section 8 race/ethnicity information for 3/10/1999 was estimated because of the limitations of HAP's computer data system at that time. Current information is significantly more accurate. No changes in policies or procedures are thought to have affected the racial/ethnic participation in Section 8 during the past year.

Chart 3 Race of Heads of Households Public Housing 3/31/2005

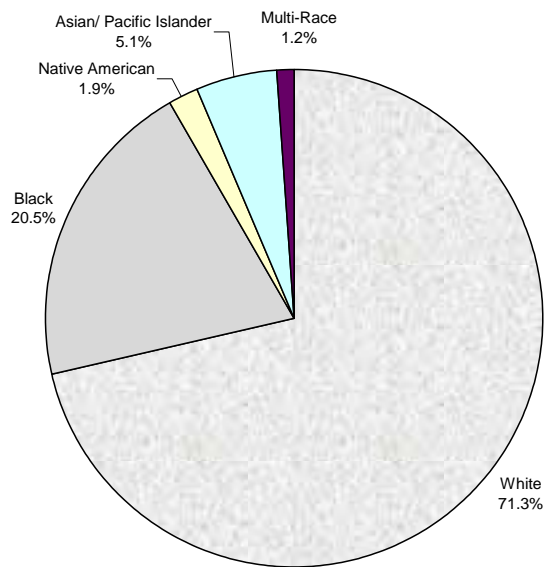


Chart 4 Race of Heads of Households Public Housing 3/10/1999

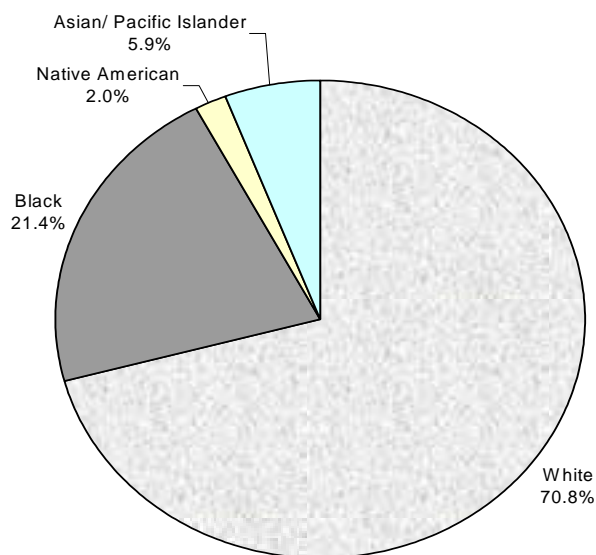


Chart 5 Race of Heads of Households Section 8 3/31/2005

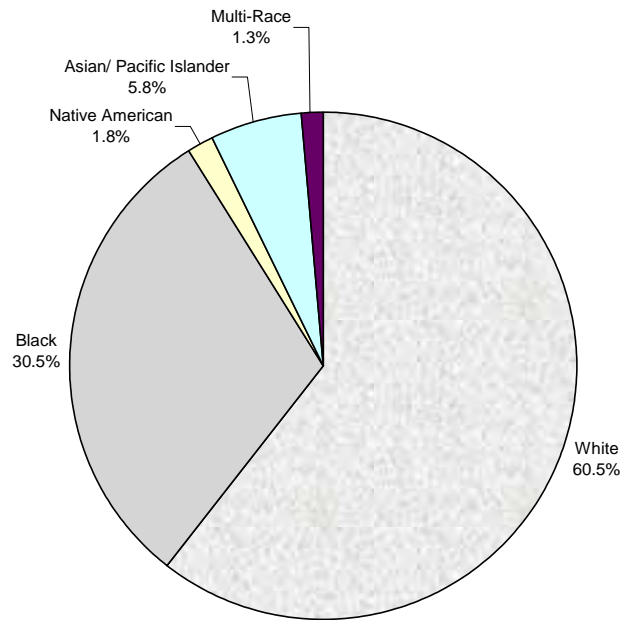


Chart 6 Race of Heads of Households Section 8 3/10/1999

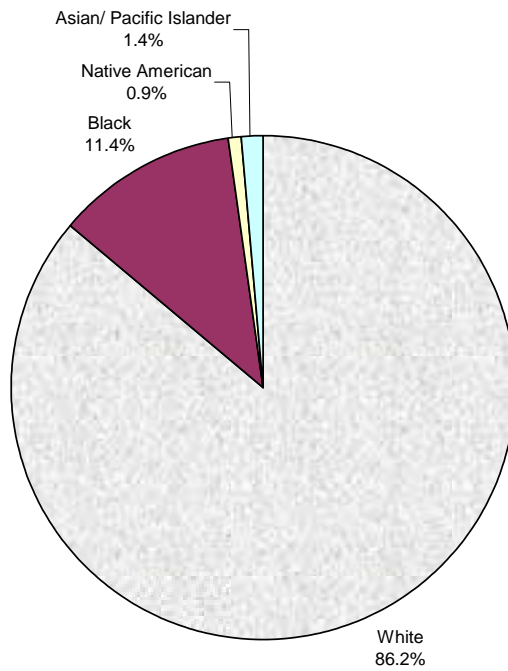


Chart 7 Ethnicity of Heads of Households Public Housing 3/31/2005

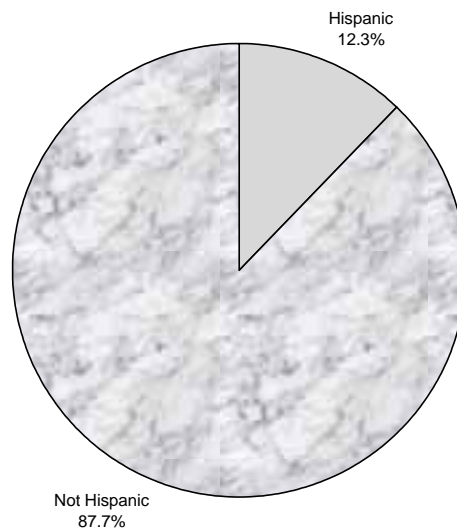


Chart 8 Ethnicity of Heads of Households Public Housing 3/10/1999

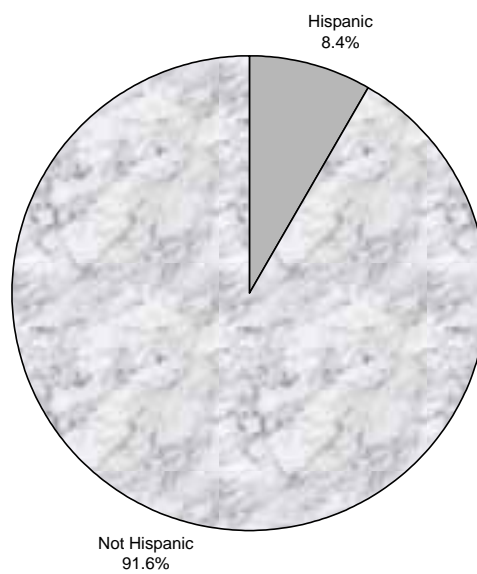


Chart 9 Ethnicity of Heads of Households Section 8 3/31/2005

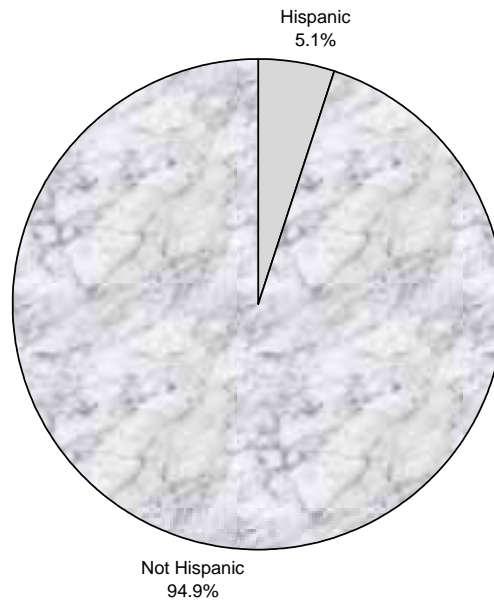
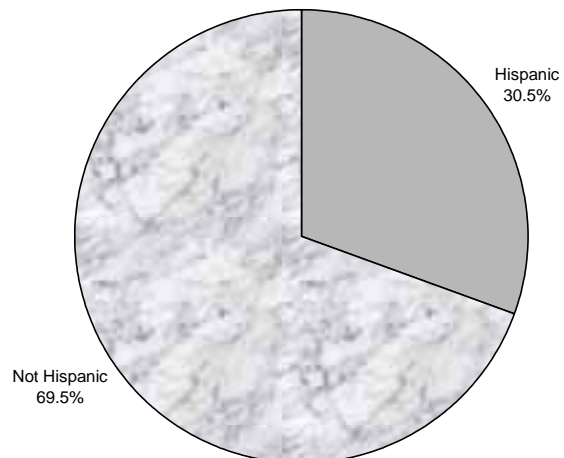


Chart 10 Ethnicity of Heads of Households Section 8 3/10/1999



Total Population Served

This section provides information on all household members served at the end of FY2005. The Section 8 population continues to include a higher percentage of minors than Public Housing, while Public Housing includes a higher percentage of elderly and persons with disabilities. One possible reason Section 8 has more minors is that Section 8 has more access to larger size units than are in the Public Housing inventory.

An elderly person must have reached age 62 by March 31, 2005; a minor is anyone who was less than age eighteen on the same date.

Chart 11 Total Public Housing Population 3/31/2005

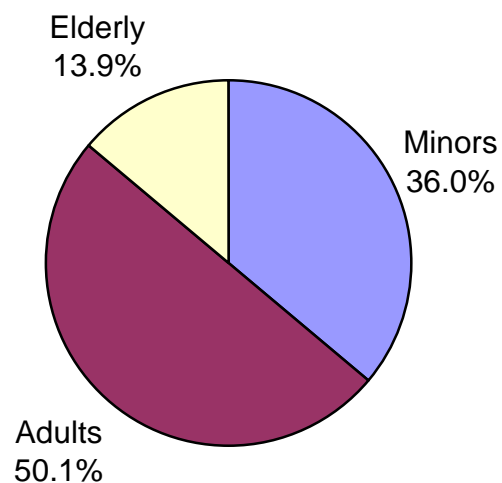


Chart 12 Total Section 8 Population 3/31/2005

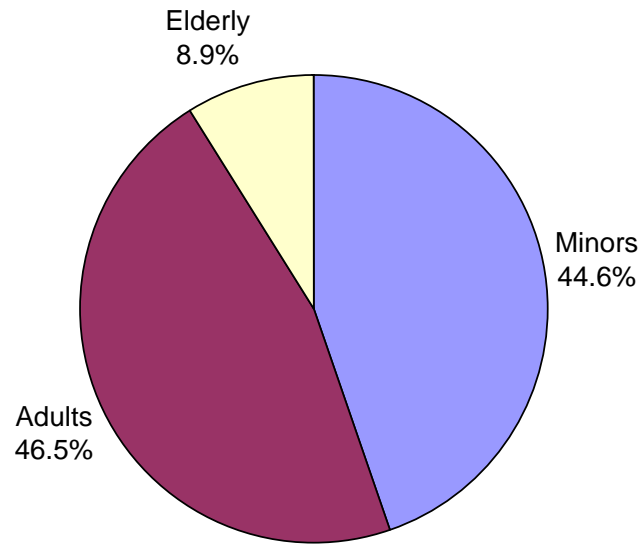
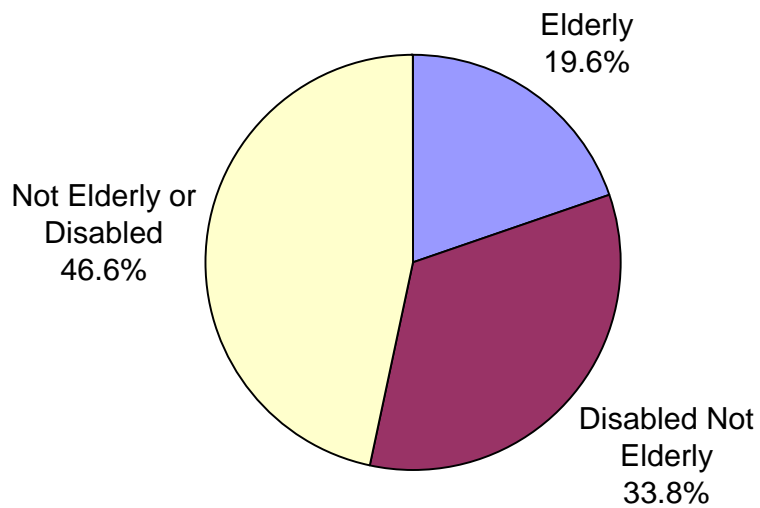


Chart 13 Combined Section 8 and Public Housing Heads of Households 3/31/2005



Focus on Seniors and People with Disabilities

Both Public Housing and Section 8 serve a high percentage of disabled heads of households and seniors. HAP's policy is to serve a "mixed population" of both elderly and other adults in the high-rise and mid-rise Public Housing buildings. In those buildings, just over 80% of the households have a disabled head of household, and this percentage increases every year. There is not an increase in other Public Housing developments. Section 8 continues to have a slight increase in heads of households with disabilities. Fifty percent of the heads of households in the combined Section 8 and Public Housing programs are elderly and/or disabled.

Table 7 Disabled Heads of Households by Program 3/31/2005

Program	Disabled Heads	Total Households	Percent Disabled 3/31/2005
Section 8 Total	2,729	6,277	43.5%
Public Housing			
Elderly/Adult	1,110	1,350	82.2%
Family & Scattered Sites	206	878	23.5%
Scattered Sites			
Public Housing Total	1,316	2,228	59.1%

Chart 14 Changes in Disabled Heads of Households

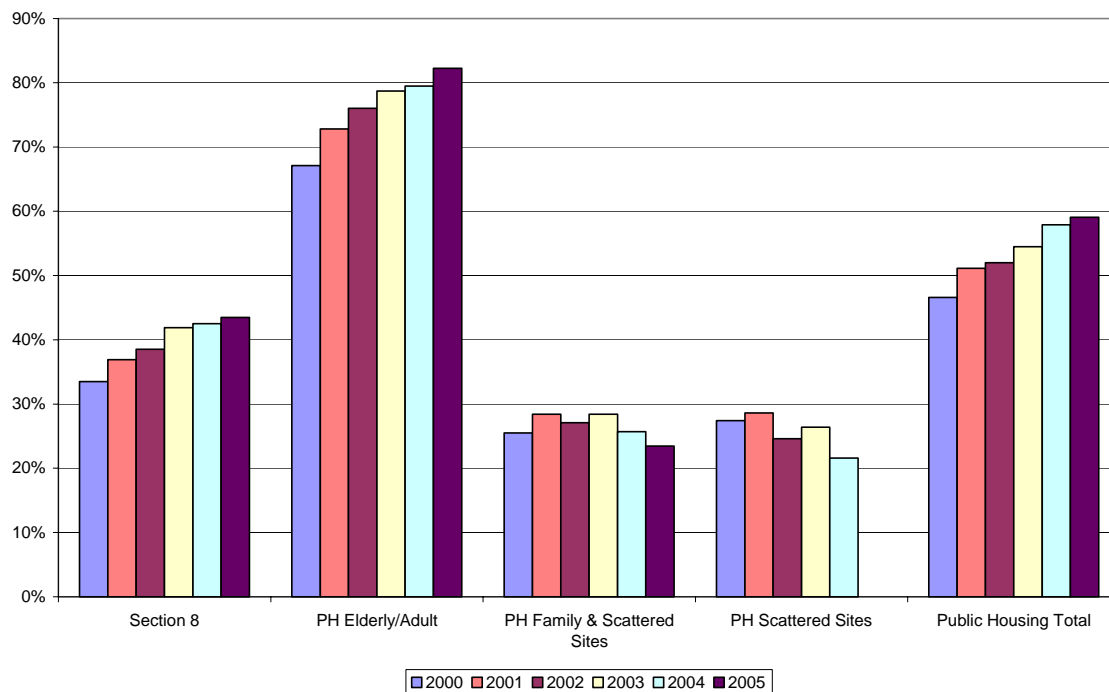


Table 8 and Table 9 show individuals as “Persons with Disabilities” if the disability field on their current HUD Form 50058 is marked “Yes.” Because persons with disabilities may be minors, adults or elderly, the numbers of Persons with Disabilities are included in the totals rather than added to them.

Table 8 Total Population Public Housing 3/31/2005

Development Type	Minors	Adults	Elderly	Total	Persons with Disabilities
Elderly/Adult	1	913	511	1,425	1,134
Family & Scattered Sites	1,549	1,244	85	2,878	327
Total	1,550	2,157	596	4,303	1,461
% of Total	36.0%	50.1%	13.9%		34.0%

Table 9 Total Population Section 8 3/31/2005

	Minors	Adults	Elderly	Total	Persons with Disabilities
Total Household Members	6,636	6,911	1,330	14,877	2,782
% of Total	44.6%	46.5%	8.9%		18.7%

Comparisons of the Characteristics of Households on Waiting Lists at the Beginning of the MTW Demonstration and the End of FY2005

PUBLIC HOUSING WAITING LISTS

The number of active Public Housing applicants declined by approximately 1,000 during FY2005, primarily reflecting the removal of households that the agency could not locate or contact during a large mailing. Other changes to the waiting lists have to do with the implementation of the Severe Housing Need preference, as well as shifting from a centralized waiting list process to a site-based waiting list system.

Following a comprehensive review by a community-based group, HAP closed its "Special Needs" priority waiting list to new applicants on August 1, 2002. HAP continued to accept regular applications on a date and time basis. The closure of the old "Special Needs" list allowed HAP to process pending applications in those categories before making a transition to a new Severe Housing Need priority system that opened for a 90-day period from February 2 through April 30, 2004, but only for Studio, 1-bedroom and 3-bedroom apartments. Midway through this opening, the 2-bedroom list was also opened. Under the new system, applicants were drawn from both the Severe Housing Need and from the regular date and time waiting lists at the same time (two Severe Housing applicants for every one date and time applicant).

In preparation for the implementation of site-based waiting lists (and applications) on April 1, 2005, HAP closed the entire waiting list on October 1, 2004. Applications were still accepted for Congregate Housing Services Program and terminally ill applicants during this closure.

SECTION 8 WAITING LISTS

The number of applicants on the Section 8 waiting list declined by 139 over the past year. Of those 139 households, 19 of them received vouchers because of a terminal illness in the household and two were removed because HAP was unable to contact them. With the exception of the terminally ill applicants pulled in January 2004, no applicants were pulled from the Section 8 waiting list during FY2005. The last regular pull of 235 applicants from the Section 8 waiting list occurred in November 2003. As of March 31, 2005 HAP had 7,049 applicants on the waiting list.

This waiting list has been closed since the one-week opening in October 2002 when close to 9000 households signed up. In the past HAP has opened the Section 8 waiting list every 18 months to two years for a week (the previous two "open application" weeks occurred in November 1998 and May 2000) and then used up those applications through a lottery system before re-opening the list. In May 2000 approximately 5000 households signed up on the waiting list.

At this time it has been over 30 months since HAP has reopened the waiting list and HAP anticipates that it could be another five years before HAP is able to move through the names on the current waiting list and have another "open application" week. Factors contributing to the extremely sluggish turnover of vouchers include a slowly recovering

economy and previous Section 8 voucher commitments to project-based properties (making those vouchers unavailable for the tenant-based voucher waiting list). In addition there have been no new federal vouchers since 2002.

CHANGES IN HOUSEHOLDS

Changes to the numbers of households on the waiting lists for both Public Housing and Section 8 are not necessarily reflective of need, but of policies related to the management of the waiting lists. Additionally, changes since 2002 on the Section 8 waitlist are not indicative of changes experienced by the same households that have been on that list since that time, but represent slight changes based on which households are no longer on the list, either because they received a voucher or were removed from the list.

There have been some slight changes in the composition of the lists over the last five or six years. Applicant incomes for both Section 8 and Public Housing have increasingly been in the less than 30% of Area Median Income group from 2001 through 2005 as shown in Table 16 and Table 17. This likely reflects Oregon's weak economy.

Also, in both programs, the percentage of the applicant pool classifying the head of household as disabled has continued to decline as described on Chart 18 and Chart 19. The reason for this decrease is not clear; Public Housing continues to offer some priority for disabled households.

The five-year changes in race and ethnicity for Public Housing applicants show a decline in the White Non-Hispanic numbers, with corresponding increases in other categories. The largest numerical increase for Public Housing was in White Hispanic. Part of this change reflects differences in reporting by applicants. There have not been real changes in race and ethnicity for Section 8 applicants, although there was a very slight increase (.4% in Chart 24) in White Hispanic numbers.

HAP relies on applicant self-report for information on both income and race/ethnicity until applications are processed for admission.

HOUSEHOLDS ON WAITING LIST AT THE END OF FY2005

Table 10 Public Housing Applicants by Bedroom Size, 3/31/2005

Data gathered on 4/1/05	Total Applicant Households	Percent Applicant Households	Bedroom Size			
			Studio/ 1Bedroom	2 bedroom	3 bedroom	4-5 bedroom
Public Housing						
Family	1,169	82.7%	56	691	311	111
Elderly	30	2.1%	19	7	3	1
Disabled	202	14.3%	168	31	1	2
Blank	13	0.9%	6	3	3	1
Total	1,414	100.0%	249	732	318	115

Table 11 Section 8 Voucher Applicants by Family Size and Type 3/31/2005

Family Size	Family	Elderly	Disabled	Singles/Unknown	Total
1	51	187	1,137	1,227	2,602
2	1,409	73	288	30	1,800
3	1,154	9	100	1	1,264
4	684	3	36	0	723
5	325	3	19	0	347
6	157	0	13	0	170
7	61	0	3	0	64
8	37	1	2	0	40
9	18	0	1	0	19
10 or more	15	0	1	2	18
Unknown	0	0	0		0
Total	3,911	276	1,600	1,260	7,047

Chart 15 HAP Waiting Lists by Year

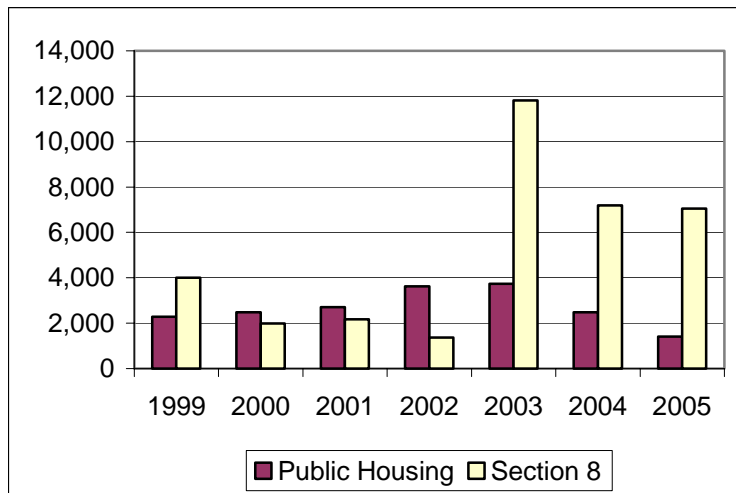


Chart 16 Changes in Applicant Households by Income

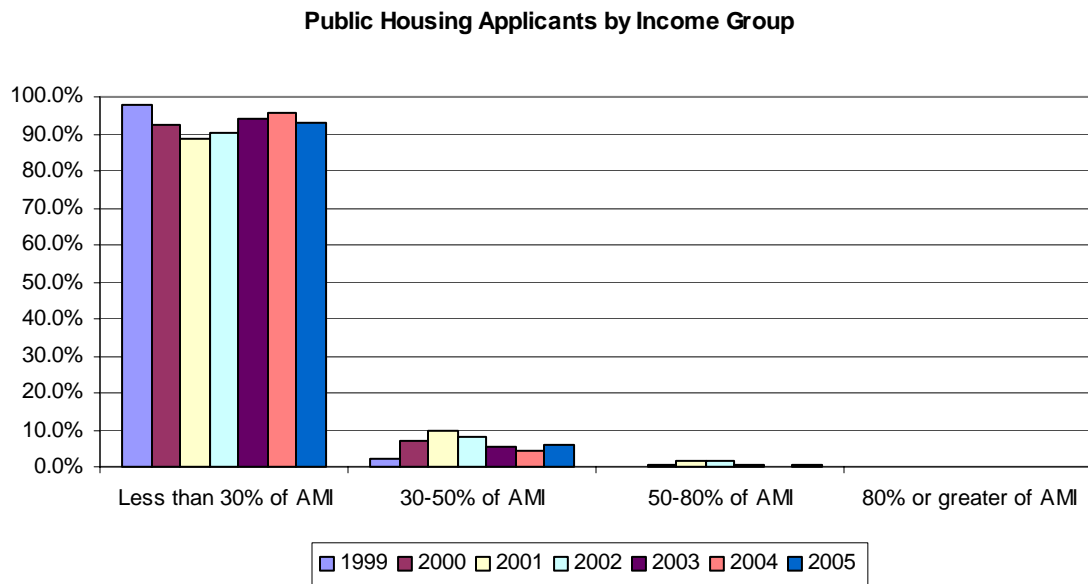


Chart 17 Section 8 Applicants by Income Group

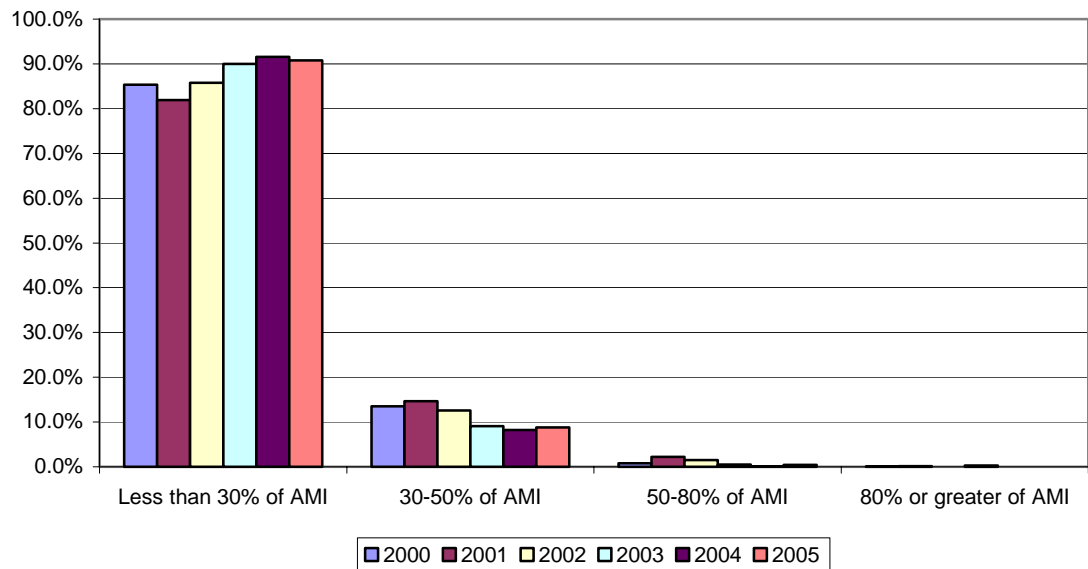


Chart 18 Changes in Applicant Households by Family Type

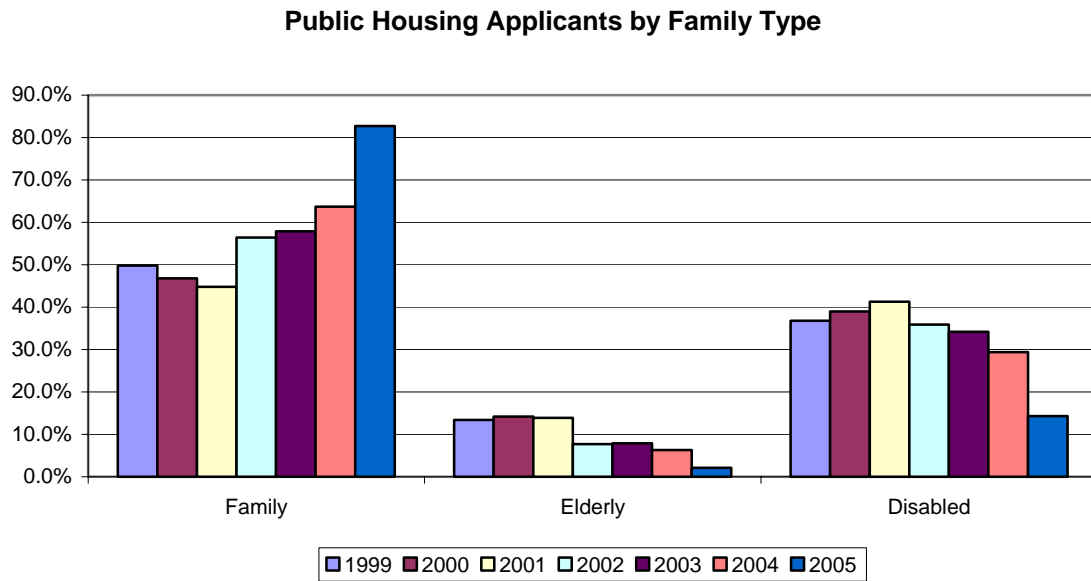


Chart 19 Section 8 Applicants by Family Type

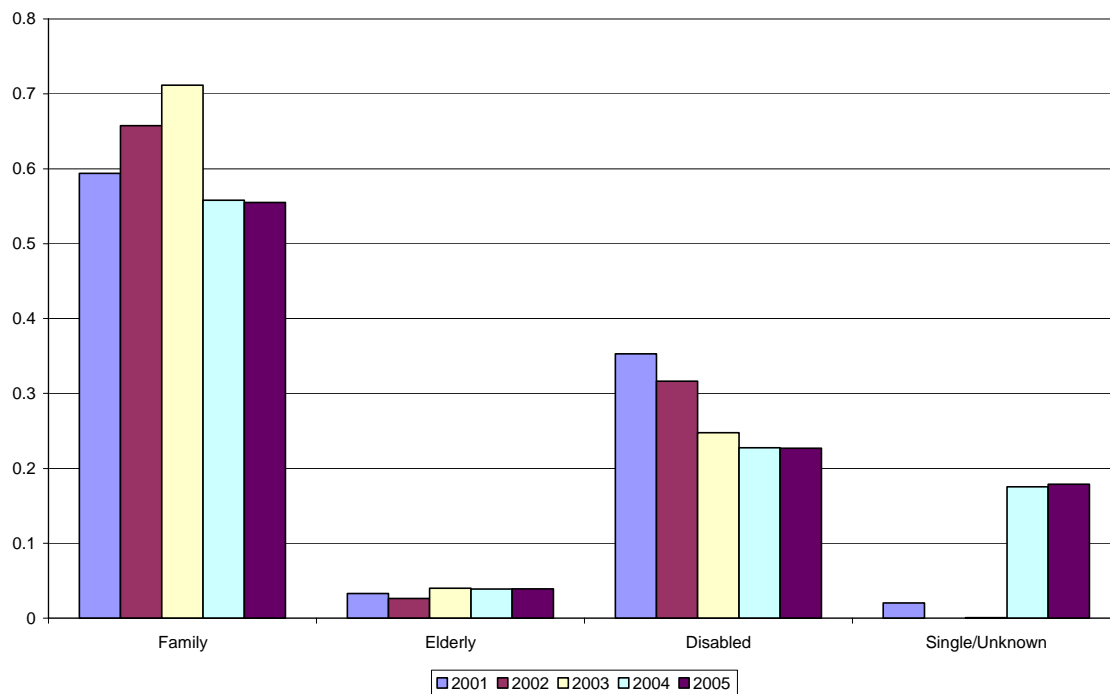


Chart 20 Changes in Public Housing Applicant Households by Unit Size

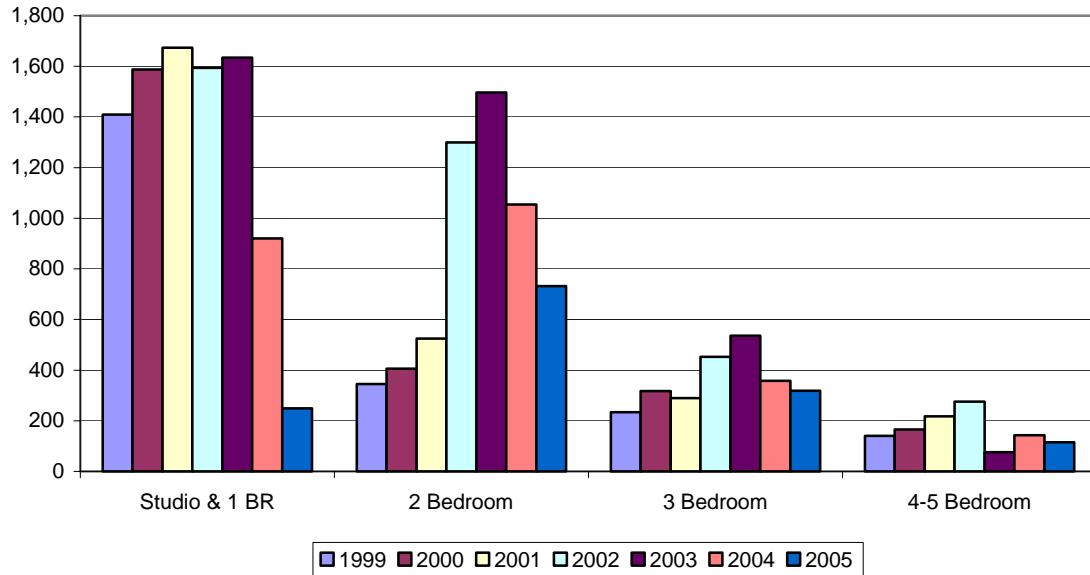


Chart 21 Changes in Applicant Households by Race/Ethnicity

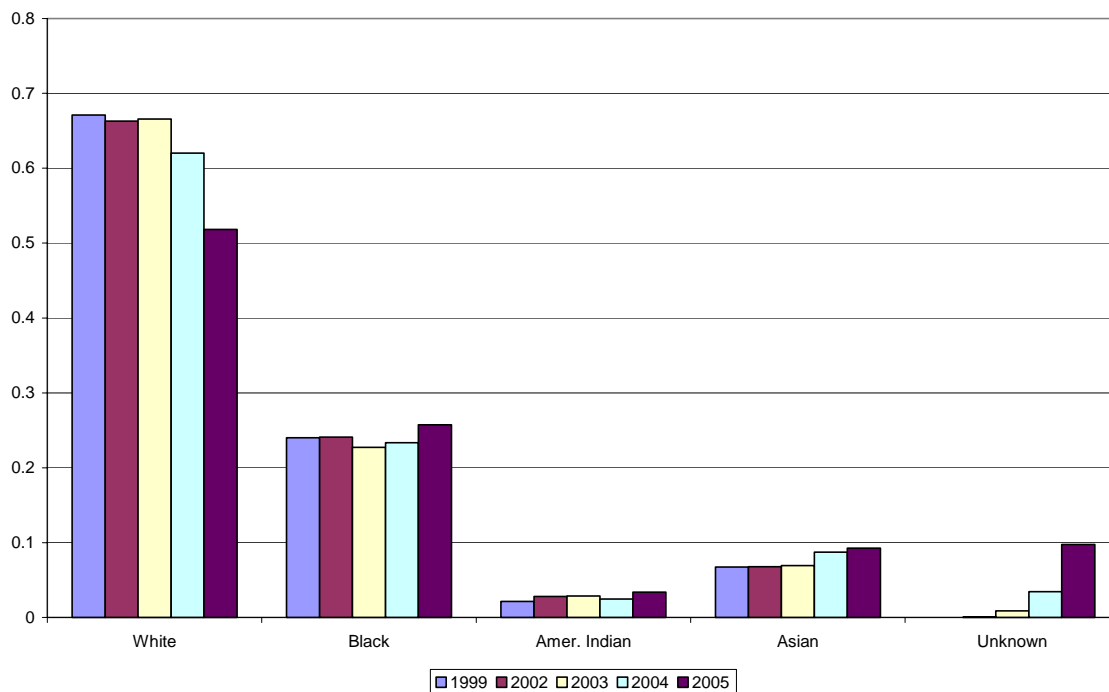


Chart 22 Section 8 Applicant by Race

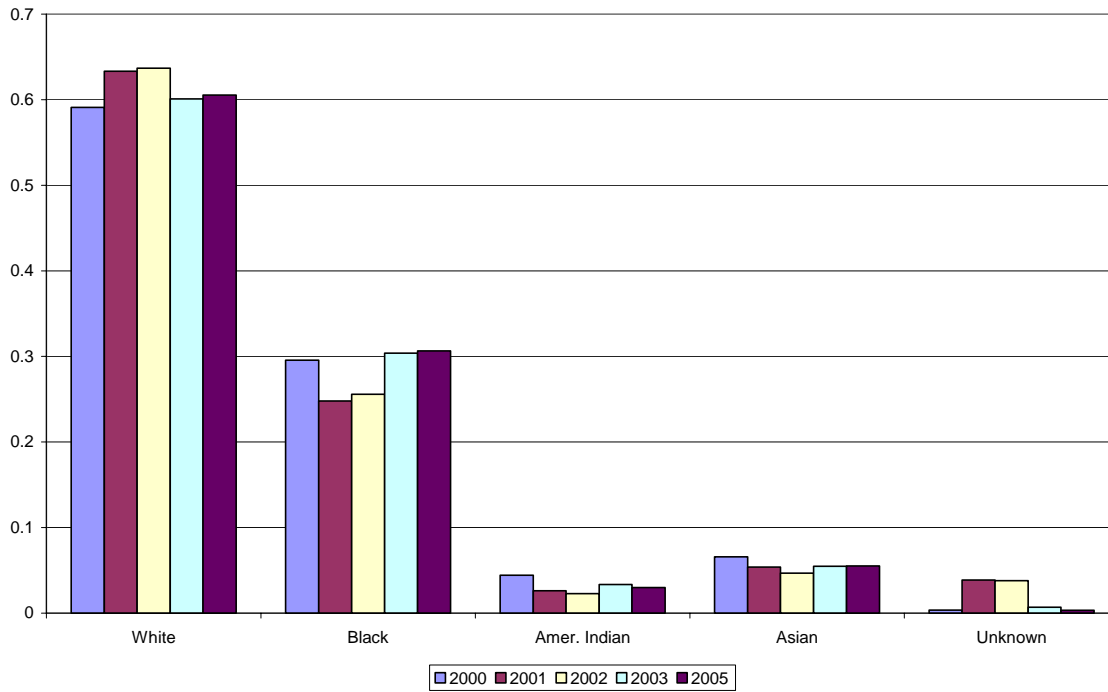


Chart 23 Public Housing Applicants by Ethnicity

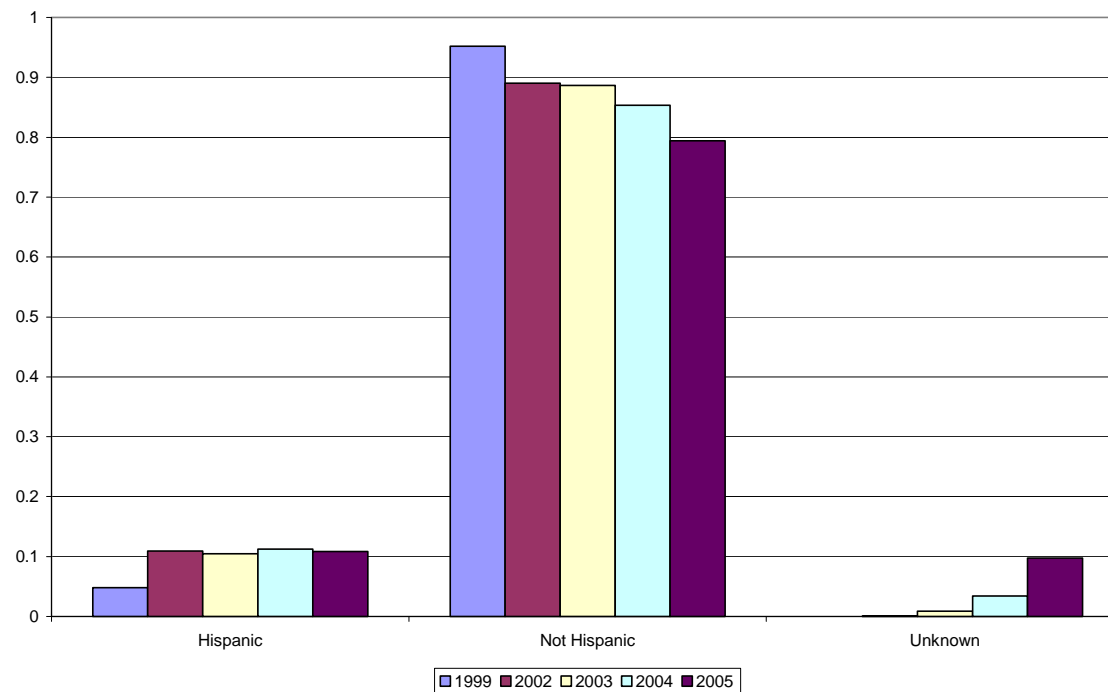
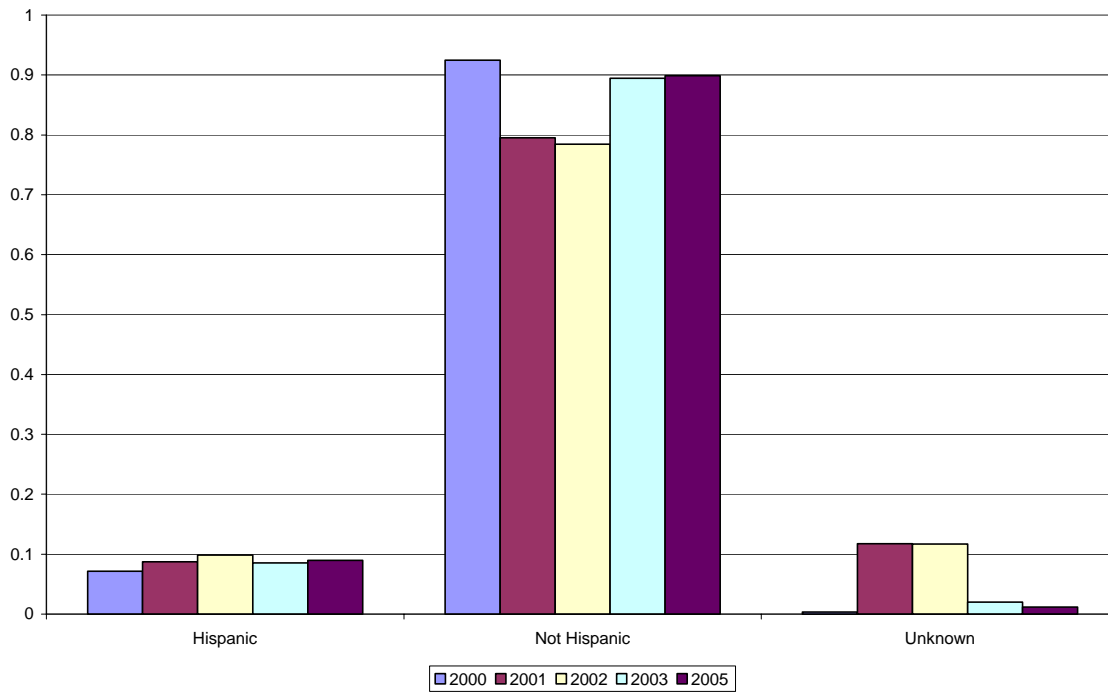


Chart 24 Section 8 Applicants by Ethnicity



Section II: Occupancy Policies

This section explains changes in rent policy and occupancy that affect the population served.

A. Changes in Concentration of Lower-Income families, by program

See Section I. HAP continues to serve a very high percentage of households with less than 30 percent of Area Median Income.

B. Rent Policy Changes

HAP conducted an extensive community process related to Section 8 rent policies and implemented new policies on April 1, 2005. The most significant change was increasing the tenant-paid portion of rent from 30% to 35% of adjusted income. This was part of HAP's effort to control program costs while continuing to serve as many households as possible. Landlord rent increases were also frozen for one year, limits were set on the number of bedrooms a voucher will pay for, and payment standards were reduced for most bedroom sizes.

Highlights of Section 8 changes by month of board action

June 2004

- Reduce interim reviews by not adding new children to the household until the next scheduled annual review.
- Change asset verification policy to verify all assets, but only require third-party verification for balances of \$5,000 or more.

August 2004

- Change to apply revised utility allowance at next regular reexamination, rather than at next interim examination.

October 2004

- Reduce number of reviews by prohibiting moves during the initial lease term, and limit other moves to one per year, due to funding reductions.
- Remove policy reference to portability restrictions for Welfare to Work vouchers.
- Clarify how to calculate the monthly housing assistance payment if the payment standard decreases during the term of the HAP contract.

December 2004

- Temporarily freeze payment standards at current 2004 levels, except for two bedroom units and manufactured homes which will be capped at 110% of FMR.

January 2005 (all effective 4/1/2005)

- Increase the minimum family contribution towards rent and utilities from 30% to 35% of adjusted monthly income to address funding shortfall.
- Change bedroom standard to one bedroom for each two persons regardless of age or sex for new participants, portability move-ins, and current participants who move.

- Freeze landlord rents and deny increases for one year.
- Cap Section 8 payment standards at 100% of Fair Market Rents in order to reduce subsidy costs.
- Deny portability moves to higher cost areas when there is insufficient funding for continued assistance to the family.
- Limit voucher term extensions for portability move-ins to comply with PIH Notice 2004-12.
- Reduce inspections from annual to every other year for tenants who do not require a regular inspection every year or for landlords who have units with good maintenance records.
- Conduct regular eligibility reviews every other year for elderly or disabled families on fixed incomes.
- Terminate participants who exceed program income limits and who receive \$0 Housing Assistance payment in 60 days, rather than 180 days.

Public Housing Rent Policy Changes

- To save administrative costs in Public Housing, mirror the Section 8 policy change by allowing less frequent reviews for elderly and disabled residents on fixed incomes.

C. Discussion of other changes

Highlights of other Public Housing policy changes

- Public Housing eliminated the central intake office and implemented site-based admissions effective April 1, 2005. Applicants will have the choice of up to three different Public Housing properties, or may choose to be placed on a “first available” list.
- Public Housing bedroom size standards were changed to a range with a minimum and maximum number of persons, allowing more choice for applicants and less cumbersome and restrictive agency rules.
- Transfers will be limited because of the increased choice provided by the changes outlined above.
- New Columbia Public Housing will have an income ceiling of 60 percent of area median income, rather than 80 percent, due to tax credit financing requirements.
- A local preference will allow former Columbia Villa residents to receive priority admission to New Columbia until 2010, to enable all former residents to return if they wish.
- Site management was strengthened by not allowing residents to have visitors who have previously been evicted or excluded from a HAP property.

Section III: Changes in the Housing Stock

This section documents changes in the Public Housing stock during the fiscal year, and highlights additional changes planned during the coming year.

A. Number of Units in Inventory by Program

At the beginning of this reporting period, April 1, 2004, HAP had 2,331 total Public Housing units on the ACC. The actual number of available units was less than the ACC number due to the items noted in the table below.

	ACC Units Not Available for Rental on 4/1/2004
Sold Scattered Units	2
Northwest Tower ADA Merged Units	6
Hollywood East ADA Merged Units	13
Total Not Available but still on ACC	21
ACC Total	2,331
ACC Available	2,310

The available total was then 2,310.

One additional scattered site was sold in May 2004, but has not been removed from the ACC. In addition, two merged units were completed at the Medallion, but not yet adjusted in PIC or removed from the ACC. This reduces the available total to 2,307 as of March 31, 2005.

B. Narrative discussion/explanation of difference

An extensive plan to sell most or all of HAP's Public Housing scattered sites is under development. A disposition plan will be submitted to the Special Applications Center within the next fiscal year.

Plans to replace the remaining units lost due to ADA construction, HOPE VI construction and scattered site sales will become part of revitalization initiatives still being developed.

Section IV: Sources and Amounts of Funding

This section compares the projected with the actual for the Sources and Amounts of Funding in the MTW Consolidated Budget Statement for HAP's fiscal year 2005. The MTW Consolidated Budget Statement includes Public Housing, Capital Fund, and portions of the Section 8 voucher program.

A. Sources of Funds included in the MTW Consolidated Budget Statement for FYE 2005 (unaudited):

Sources of Funds	Actual	Projected
Rental Income	\$ 4,296,495	\$ 4,464,872
HUD Contributions:		
Section 8 Subsidy	49,577,126	49,339,967
Operating Subsidy	8,023,201	6,785,713
Capital Fund Subsidy - Operations	2,467,187	2,662,618
Non Rental Income	<u>524,090</u>	<u>490,205</u>
Total Operating Income	\$64,888,099	\$63,743,375
Capital Fund – Capital Improvements	1,937,452	1,937,452
Interest Income on Investments	<u>94,543</u>	<u>35,610</u>
Total Funding Sources:	\$66,920,094	\$65,716,437

B. Sources of Funds - Budget to Actual Variance Narrative

- Rental income was lower than budgeted due to lower than expected occupancy.
- Operating subsidy was higher than budgeted due to a change from the projected pro-ration factor of 94.7% to the actual pro-ration factor of 98.1%.
- Capital fund subsidy designated for operating was lower than budgeted due to HAP's continuing efforts to reduce dependency on capital fund.

C. Consolidated Financial Statement

Housing Authority of Portland

Statement of Operations

For the Year Ended March 31, 2005

(With Comparative Budget Amounts)

	Consolidated MTW (unaudited)		
	Actual	Budgeted	Variance
<i>Revenue:</i>			
Rental Income	\$ 4,296,495	\$ 4,464,872	\$ (168,377)
Grant Revenue:			
Section 8 Subsidy	49,577,126	49,339,967	237,159
Operating Subsidy	8,023,201	6,785,713	1,237,488
Capital Fund – Operating	2,467,187	2,662,618	(195,431)
Non-Rental Income	524,090	490,205	33,885
Interest Income on Investments	94,543	35,610	58,933
Total Income (Revenue)	\$ 64,982,642	\$ 63,778,985	\$ 1,203,657
<i>Expenses:</i>			
Labor Expense	\$ 8,891,088	\$ 9,187,610	\$ 296,522
Administrative Expense	3,386,589	3,669,043	282,454
Tenant Services	116,023	60,922	(55,101)
Utilities	2,255,344	2,245,450	(9,894)
Maintenance	1,043,661	748,258	(295,403)
Housing Assistance Payments	46,294,682	44,844,701	(1,449,981)
General Expenses	429,246	475,886	46,640
Depreciation	1,292,525	2,139,545	847,020
Gain/Loss from Disposition	4,855	0	(4,855)
Total Expenses	\$ 63,714,013	\$ 63,371,415	\$ (342,598)
Net Income (Loss)	\$ 1,268,629	\$ 407,570	\$ 861,059
<i>Adjustments:</i>			
Depreciation	1,292,525	2,139,545	
Non-Operating Sources of Cash:			
Capital Fund – Non Operating	1,937,452	1,937,452	
Non-Operating Uses of Cash:			
Capital Fund - Expenditures	(1,937,452)	(1,937,452)	
Cash Flow	\$ 2,561,154	\$ 2,547,115	

Housing Authority of Portland

Statement of Operations
For the Year Ended March 31, 2005
(With Comparative Budget Amounts)

	Public Housing & Capital Fund MTW (unaudited)		
	Actual	Budgeted	Variance
<i>Revenue:</i>			
Rental Income	\$ 4,296,495	\$ 4,464,872	\$ (168,377)
Grant Revenue:			
Section 8 Subsidy			
Operating Subsidy	8,023,201	6,785,713	1,237,488
Capital Fund - Operating	2,467,187	2,662,618	(195,431)
Non-Rental Income	524,090	490,205	33,885
Interest Income on Investments	4,173	3,110	1,063
Total Operating Income	\$ 15,315,146	\$ 14,406,518	\$ 908,628
<i>Expenses:</i>			
Labor Expense	6,527,223	6,740,681	213,458
Administrative Expense	2,267,713	2,476,302	208,589
Tenant Services	20,855	21,428	573
Utilities	2,255,344	2,245,450	(9,894)
Maintenance	1,032,923	738,118	(294,805)
Housing Assistance Payments			
General Expenses	418,084	474,011	55,927
Depreciation	1,249,159	2,095,891	846,732
Gain/loss from Disposition	4,855	0	(4,855)
Total Expenses	\$13,776,156	\$14,791,881	\$1,015,725
Net Income (Loss)	\$ 1,538,990	\$ (385,363)	\$ 1,924,353
<i>Adjustments:</i>			
Depreciation	1,249,159	2,095,891	
Non-Operating Sources of Cash:			
Capital Fund – Non Operating	1,937,452	1,937,452	
Non-Operating Uses of Cash:			
Capital Fund – Expenditures	(1,937,452)	(1,937,452)	
Cash Flow	\$ 2,788,149	\$ 1,710,528	

Housing Authority of Portland
Statement of Operations
For the Year Ended March 31, 2005
(With Comparative Budget Amounts)

Section 8 MTW (unaudited)

	Actual	Budgeted	Variance
<i>Revenue::</i>			
Rental Income			
Grant Revenue:			
Section 8 Subsidy	\$ 49,577,126	\$ 49,339,967	\$ 237,159
Operating Subsidy			
Capital Fund - Operating			
HUD Grants			
Interest Income on Investments	90,369	32,500	57,869
Total Income (Revenue)	\$ 49,667,495	\$ 49,372,467	\$ 295,028
<i>Expenses:</i>			
Labor Expense	2,363,865	2,446,929	83,064
Administrative Expense	1,118,876	1,192,742	73,866
Tenant Services	95,168	39,494	(55,674)
Utilities			
Maintenance	10,738	10,140	(598)
Housing Assistance Payments	46,294,682	44,844,701	(1,449,981)
General Expenses	11,163	1,875	(9,288)
Depreciation	43,366	43,653	287
Gain/Loss from Disposition			
Total Expenses	\$ 49,937,858	\$ 48,579,534	\$ (1,358,324)
Net Income (Loss)	\$ (270,363)	\$ 792,933	\$ (1,063,296)
<i>Adjustments:</i>			
Depreciation	43,366	43,653	
Non-Operating Sources of Cash:			
Capital Fund – Non Operating			
Non-Operating Uses of Cash:			
Capital Fund – Expenditures			
Cash Flow	\$ (226,997)	\$ 836,586	

Section V: Uses of Funds

This section compares the uses of funds projected in the FYE 2005 HAP Moving to Work budget with the actual expenses based on fiscal year-end financial data.

A. Uses of Funds included in the MTW Consolidated Budget Statement for FYE 2005 (unaudited):

Uses of Funds:	Actual	Projected
Labor Expense	\$ 8,891,088	\$ 9,187,610
Administrative Expense	3,386,589	3,669,043
Tenant Services	116,023	60,922
Utilities	2,255,344	2,245,450
Maintenance	1,043,661	748,258
Housing Assistance Payments	46,294,682	44,844,701
General Expenses	<u>429,246</u>	<u>475,886</u>
Total Operating Expenditures	\$62,416,633	\$61,231,870
Non-Operating: Capital Improvements	<u>1,937,452</u>	<u>1,937,452</u>
Total Uses of Funds:	\$64,354,085	\$63,169,322

B. Uses of Funds - Budget to Actual Variance Narrative

- Labor and administrative expenses were lower than budgeted due to HAP's continuing focus on cost reductions.
- Maintenance expense was higher than budgeted due the following factors: inventory liquidation from eliminating the central warehouse, and increased cost of gasoline.
- Housing assistance payments were higher than budgeted due the following factors: changes in bedroom distribution from larger families being served, contract rent increases, and decreased tenant gross incomes.

C. Adequacy of Reserves

MTW Operating Reserves for FYE 2005 (Table A.)

(This represents retained earnings)

Table A.	Beginning of Year	Increase/ Decrease	End of Year
Public Housing	2,798,503	1,538,990	4,337,493
Section 8	1,787,482	(270,362)	1,517,120
Total MTW	4,585,985	1,268,628	5,854,613

Section 8 MTW Project Reserves (Table B.)

The following table illustrates MTW HAP-held project reserves and HUD-held project reserves for Consolidated Housing Choice Vouchers, both MTW and Non MTW.

Table B.	Beginning of Year	Reserves Used	End of Year
Section 8—HAP-held	\$ 3,046,501	(1,500,000)	1,546,501
Section 8 HUD-held	\$ 522,448	(522,448)	0

Section VI: Capital Planning

This section documents the plans for use of capital funds and their expenditures, plans for demolition and disposition, and HAP's homeownership programs.

A. Planned vs. actual expenditures by property

The table below and the table on the following page were submitted as Attachment A to the Moving to Work Annual Plan for FY2005. A column has been added to show actual expenses incurred during the fiscal year April 1, 2004 through March 31, 2005, and for the prior fiscal year for some projects that span two fiscal years. The actual figures have not been audited, and do not include HAP staff costs and numerous miscellaneous expenses.

AS LISTED IN ANNUAL PLAN FOR YEAR 6 (prepared November 2003)

Work in Process

Current Year Projects (2004-05)

FYE 2004 Projects	Work Items	Estimated Cost	Expenses during FYE 05	Expenses during FYE 04
<u>Property</u>				
Hollywood East	HVAC Upgrade	550,000	186,459	222,735
Several Highrise Buildings	Elevator Modernization	340,000	64,108	445,172
PHA Maintenance and Administration	Remodel Blanchard building; HWE for ACMS; Lombard office	681,000	100,970	372,737
PHA Wide	Property Need Assessments	214,000		214,333
PHA Wide	Roofing	85,000	322,904	263,944
PHA Wide	Carpet/Tile (doing in Vacates)	150,000		80,765
PHA Wide	A & E Services	118,000	81,641	
Townhouse Terrace	Site/Dwelling	350,000	15,332	175,382
Holgate House	Garbage Room Addition; Parking Lot	257,000	136,483	
Eliot Square	Replace doors	16,000	19,932	
Camelia Court	Doors	20,000		20,735
Medallion	New Elevator; Modernize Old Elevator	369,000		402,130
Williams Plaza	HVAC - Elevator Modernization	239,000		107,235
Work in Process Total		3,389,000	927,829	2,305,168

Future Year Capital Plans (2005-2007)
2005-2007

	Work Items	Estimated Cost	Expenses during FYE 05	Expenses during FYE 04
PHA Wide	A & E Services	118,000		
PHA Wide	Roofing	250,000		
PHA Wide	Carpet/Tile (doing in Vacates)	150,000		
Sellwood Center	Replace water supply piping	497,000		
Sellwood Center	Repair garbage chute & storage	40,000		
Holgate House	Replace medical pull system	20,000		
Northwest Tower	Update kitchen for heavy use of CHSP	10,000		
Medallion	Renovate 5 ADA units; make office/community room accessible	375,000	428,710	406,130
Gallagher Plaza	Replace hallway pressure valves, unit shower valves	50,000		
Slavin Court	Replace mailboxes	3,500		
Hillsdale Terrace	Make community room accessible and add ramp	125,000	156,152	
Tamarack	Paint stairs and deck rails; repair ceiling heating	78,000		
Peaceful Villa	Boiler Room and Sanitary System piping; replace Screen Doors	248,000		
Williams Plaza	Window replacements; replace brick walkways	55,000		
All Highrises (exc. Sellwood)	Move interior trash systems to exteriors	900,000		
Hillsdale Terrace	Concrete retaining walls	100,000		
Hollywood East	Boilers Relined	50,000		
Iris Court	Office electrical upgrades	250,000		
Maple Mallory	Interiors	300,000		
Maple Mallory	Electrical upgrades	760,000		
Future Projects Total		4,379,500	584,862	406,130

The above-listed work is shown in the current priority order (except for the items on this page) and is dependent upon the amount of the annual Capital Fund Grant from HUD to HAP.

B. Discussion of differences between projections and actual

As shown in the first table in part A above, the actual FY2005 expenses for the projects listed in the Year Six MTW Annual Plan were \$927,000, far below the original projection of \$3.4 million. Much of this difference is due to the timing of projects and the early submission of the Year Six MTW plan. The table also shows \$2.3 million spent in the prior year (FY2004) on work projects in the Year Six plan.

The combined FY2005 capital expense total for originally planned and future projects is \$1.5 million of \$7.8 million in the original plan. This reflects staff reductions, re-assignment of some staff to HOPE VI, the timing of various projects, and additional amounts spent on operations and other administrative costs.

C. Demolition and Disposition

On November 24, 2003, HAP submitted a Disposition Application to HUD for the HOPE VI project at Columbia Villa. That application was pending at the Special Application Center at the time the Year Six Moving To Work Plan was submitted.

On May 5, 2004, HAP closed the first two of four mixed finance transactions supporting the construction of New Columbia. These two phases, Haven and Cecelia account for 175 total units of housing, of which 74 are Public Housing. Simultaneous with this closing, HAP sought HUD's release of the existing Declaration of Trust and recorded a new Declaration of Restrictive Covenants on the same property.

On March 31, 2005, HAP closed the third mixed finance phase. This phase, called Trouton, included 250 units, of which 125 are Public Housing. As in the previous closings, HUD released the Declaration of Trust and a new Declaration of Restrictive Covenants was recorded against the property.

All of this activity was consistent with the Disposition approval obtained by HAP.

In anticipation of the NOFA ultimately released on March 31, 2005, HAP began the planning work for a HOPE VI redevelopment of the Iris Court cluster of Public Housing developments. This work included resident and community outreach and schematic site plan development.

Work continues on the planning for the disposition of scattered-site Public Housing units owned by HAP. This initiative is at its early stages with the focus on organizing a HAP team to assess the value of strategic options associated with this element of our portfolio.

D. Homeownership Programs

HAP requested a waiver of current Section 8 Homeownership regulations in the Year Three MTW Annual Plan to improve HAP's Agency Homeownership Program and to help achieve one of HAP's MTW Goals to promote self-sufficiency. HUD has agreed to prepare a waiver to allow HAP to include Public Housing units in its expanded Section 8 homeownership program. HUD also informed HAP that no waiver is needed to designate certain units as "homeownership units," as requested in the Year Three Annual Plan.

HAP continued to operate its existing HUD Section 5-H homeownership program for the sale of scattered site Public Housing units. One sale was completed during the fiscal year ending March 31, 2005, for a total of seven sold from program inception to date. Two scattered site units are pending sale early in the current fiscal year.

Homeownership preparation and support has been a typical GOALS program outcome since its inception (see Section IX on Resident Programs). To date, 150 GOALS graduates have become homeowners, including 30 new GOALS graduate homeowners over this fiscal year. HAP continued its Pilot Homeownership Voucher (HV) program, with eight additional families becoming homeowners for a total to date of 13 HV homeowners. The 2002 HUD ROSS-Homeownership Supportive Services grant funded homeownership counseling for 25 Public Housing residents participating in the GOALS program, as well as the services of a GOALS Homeownership Specialist.

Section VII: Owned and Managed Housing

This section compares the Housing Authority of Portland projected management performance with actual performance during the year April 1, 2004 through March 31, 2005. It includes vacancy rates, rent collections, work order response, inspection results, and security initiatives.

A. Vacancy Rates

The vacancy rates shown below are based on a month-end snapshot at the end of each fiscal year. HAP's Year Six Moving To Work Annual Plan stated:

“HAP's goal for the next fiscal year is to reduce the overall vacancy rate to 5 percent or less, even with uncertain market conditions. Relocation of 400 families from HAP's HOPE VI project has affected vacancy rates temporarily as available units were held for potential relocation.”

The overall vacancy rate shows a substantial decrease from one year ago. HAP staff made extraordinary efforts to fill units prior to the April 1, 2005 transition to site-based waiting lists. The property with the highest vacancy rate, Medallion, includes several units that very recently completed construction for accessibility purposes.

Property	Units Available on 3-31-2005	Vacancy Rate 3-31-01	Vacancy Rate 3-31-02	Vacancy Rate 3-31-03	Vacancy Rate 3-31-04	Vacancy Rate 3-31-05
Columbia Villa (removed for HOPE VI Redevelopment)	-	7.9%	4.3%	18.7%	-	-
Iris Court	47	26.7%	4.3%	6.4%	8.5%	2.1%
Northwest Tower	164	6.3%	4.9%	5.5%	10.3%	0.6%
Hillsdale Terrace	58	23.1%	11.3%	9.4%	5.2%	0.0%
Hollywood East	286	6.4%	1.9%	3.8%	9.8%	0.7%
Royal Rose Court	36	0.0%	0.0%	0.0%	8.3%	0.0%
Peaceful Villa	70	0.0%	0.0%	2.9%	5.7%	2.9%
Royal Rose Annex	9	0.0%	0.0%	0.0%	0.0%	0.0%
Sumner Court	8	0.0%	0.0%	0.0%	0.0%	0.0%
Dekum Court	38	18.4%	5.6%	0.0%	5.3%	2.6%
Tamarack	118	10.2%	4.4%	10.1%	5.1%	0.8%
Dahlke Manor	113	1.8%	0.9%	5.3%	7.0%	2.7%
Holgate House	79	2.5%	0.0%	2.5%	5.0%	0.0%
Sellwood Center	109	4.6%	4.6%	4.6%	10.0%	2.8%
Schrunk Riverview Tower	116	1.7%	0.0%	6.0%	10.3%	1.7%
Williams Plaza	100	1.0%	7.0%	7.0%	13.0%	1.0%
Fir Acres	31	6.9%	3.4%	3.2%	3.2%	0.0%

Property	Units Available on 3-31- 2005	Vacancy Rate 3-31- 01	Vacancy Rate 3-31- 02	Vacancy Rate 3-31- 03	Vacancy Rate 3-31- 04	Vacancy Rate 3-31- 05
Townhouse Terrace	31	14.3%	0.0%	6.7%	16.7%	0.0%
Stark Manor	29	3.6%	3.6%	0.0%	10.3%	0.0%
Lexington Court	19	5.3%	5.3%	0.0%	15.8%	5.3%
Eastwood Court	31	7.1%	3.6%	3.3%	3.2%	0.0%
Carlton Court	24	8.7%	8.7%	4.3%	12.5%	0.0%
Slavin Court	24	0.0%	0.0%	4.2%	8.3%	4.2%
Demar Downs	18	5.6%	0.0%	11.1%	11.1%	0.0%
Gallagher Plaza	84	1.2%	3.6%	2.4%	1.2%	1.2%
Eliot Square	30	3.6%	3.4%	10.3%	3.4%	3.3%
Medallion Apts.	88	3.4%	3.3%	7.9%	9.0%	8.0%
Ruth Haefner Plaza	72	4.1%	1.4%	5.6%	12.3%	1.4%
Celilo Court	26	7.7%	0.0%	3.8%	3.8%	0.0%
Tillicum South	12	8.3%	0.0%	0.0%	0.0%	0.0%
Harold Lee Village	10	0.0%	0.0%	0.0%	0.0%	0.0%
Floresta	20	0.0%	5.0%	0.0%	10.0%	5.0%
Maple Mallory	46	14.9%	7.9%	2.2%	4.3%	0.0%
Columbia Villa Addition (removed for HOPE VI redevelopment)	-	11.1%	2.8%	11.1%	-	-
Bel Park	10	0.0%	0.0%	0.0%	10.0%	0.0%
Winchell Court	10	0.0%	10.0%	0.0%	10.0%	0.0%
Powellhurst Woods	32	3.3%	0.0%	0.0%	9.1%	0.0%
Tillicum North	18	5.6%	0.0%	0.0%	5.6%	0.0%
Hunter's Run	10	0.0%	0.0%	22.2%	22.2%	0.0%
Camelia Court	14	0.0%	0.0%	7.1%	0.0%	0.0%
Cora Park Apartments	10	10.0%	0.0%	0.0%	0.0%	0.0%
Alderwood	20	5.0%	5.0%	0.0%	0.0%	5.0%
Chateau Apartments	10	0.0%	10.0%	20.0%	0.0%	0.0%
North Area A" Scattered Sites"	20	10.0%	5.3%	20.0%	10.0%	0.0%
North Area B" Scattered Sites"	28	7.1%	14.3%	14.3%	14.3%	0.0%
North Area C" Scattered Site"	24	8.3%	20.8%	20.8%	12.5%	4.2%
West Area A" Scattered Sites"	8	20.0%	10.0%	0.0%	0.0%	0.0%
East Area A" Scattered Sites"	36	8.3%	2.8%	8.3%	2.8%	0.0%
East Area B" Scattered Sites"	50	1.9%	9.8%	16.0%	0.0%	4.0%
East Area C" Scattered Sites"	17	0.0%	5.9%	11.8%	11.8%	0.0%
Totals	2,263	6.21%	3.71%	7.67%	7.90%	1.5%

Note: the units available total of 2,263 on 3-31-05 compares to 2,293 at the end of the previous fiscal year. Changes in the Housing Stock are documented in Section III of this report. The remaining differences are due to normal fluctuations in employee and service provider units that are out of service.

B. Rent Collections

Public Housing

	FY 2005 Budgeted	FY 2005 Actual
Dwelling Rent Billed	\$4,447,567	\$4,265,945
Dwelling Rent Collected		4,213,050
Percent Collected		98.76%

No new issues have been identified in relationship to rent collections.

C. Work Orders

HAP projected a continuing rate of 99+% for responses to emergencies within 24 hours. HAP also projected that work order response times for routine work orders would continue to be approximately seven days.

Implementation of HAP's preventive maintenance program was projected to reduce the number of "routine" service requests by 10% during year one.

Emergency Work Order Response Times

	FY2001	FY2002	FY2003	FY2004	FY2005
TYPE					
Total Number	407	509	487	741	422
Percent Meeting 24 Hour Response Goal	99.0%	100.0%	99.9%	91.7%	98.3%

Routine Work Order Response Times

	12-1-97 through 11-30-98 Actual	FY99 4-1-98 through 3-31-99 Routine	FY2000	FY2001	FY2002	FY2003	FY2004	FY2005
TYPE								
Total Number	14,299	12,315	13,270	13,025	12,552*	12,282	11,373	9,315
Average Completion Days	7.0	6.4	7.5	6.4	5.3	5.5	6.2	5.7

The reduction from 14,299 to 9,315 at the end of FY2005 is 35% compared to the initial 10% goal. However, 462 units from the HOPE VI redevelopment at Columbia Villa were removed from inventory midway through FY2004, eliminating further work orders from approximately 17% of the total units.

Routine service requests include those categorized as routine, pest control, vandalism and reasonable accommodation.

D. Public Housing Inspections

Prior to Moving to Work, HAP inspected 100 percent of its Public Housing inventory on an annual basis. During year one of Moving to Work, HAP revised its schedule for property inspections, implemented preventive maintenance and capital improvement programs, and focused required inspections on units with problematic histories and other factors. HQS inspectors will continue to inspect all units at least every 18 months. This was changed from 24 months since the first MTW annual plan was submitted. The new schedule was implemented in July 1999.

During fiscal year 2000, on-site management staff was trained to conduct interim inspections approximately nine months after the last HQS inspection (except for high-rises). Again this was a change from the 12 months noted in the first MTW annual plan. The HQS inspectors increased the time they spend on re-inspections of failed units and other higher priority units, as well as thorough inspection of every unit at least every 18 months. As a result, housing authority staff continue to inspect each unit at least three times every three years.

Of the 1,954 total HQS inspections conducted during fiscal 2005, full-time inspectors completed 1,737 as part of the schedule noted above. Vacate staff completed an additional 217 as part of unit turnover. The total numbers are reduced from FY'03 due to the HOPE VI redevelopment of 462 units at Columbia Villa.

- 109 units failed housekeeping inspections (6.3%). This compares to 147 (10%) the previous year.
- 652 units had one or more "maintenance fail defects" on the initial inspection (37.8%). This compares to 614 (41.9%) in the previous fiscal year.

Inspections, Public Housing

	FY2001 Actual	FY2002 Actual	FY2003 Actual	FY2004 Actual	FY2005 Actual
	Number Inspected/Total	Number Inspected/Total	Number Inspected/Total	Number Inspected/Total	Number Inspected/Total
Development/Project	36/50	40/50	37/50	32/48	34/48
Housing Units	2,171	2,262	2,413	1,464	1,954
Site Staff Projects Inspected	17	18	22	21	22
Site Staff Units Inspected	594	917	538	762	765
Total Projects/Units Inspected	53/2,772	58/3,179	59/2,951	53/2,226	56/2,719

The 40 developments inspected by HQS inspectors in the rotation schedule during fiscal 2005 included 10 high-rise buildings, 23 family developments and 101 scattered site houses in three different developments. The total number of projects inspected (56) exceeds the total number of developments (48) because of the schedule rotation between HQS inspectors and on-site management staff outlined above. Two developments were eliminated in FY04 due to HOPE VI.

REAC Inspection Results

HAP has not received additional REAC Inspection reports since those reported in the last Annual Report. The last REAC inspections were conducted in May and June 2004.

E. Security

HAP's site-based management model continues to provide opportunities to address security issues in Public Housing. Ongoing training and education encourages residents to document and self-report on problems within buildings. This assists the police in documentation of chronic problems. Site management staff meet regularly with assigned police officers to discuss issues in specific buildings. HAP also assigns maintenance staff to geographic areas so that they become familiar with properties and residents and can inform management staff of potential problems. Staff conduct periodic resident meetings to assist with educating residents about safety issues and developing among residents a sense of ownership of community problems. HAP staff also utilize resident meetings as an opportunity to bring in local police to talk about issues affecting the property, the neighborhood and possible solutions. This helps HAP develop a better working partnership with the police, and provides the police with a better understanding of HAP and our residents.

HAP continued its agreement with the Portland Police Bureau regarding trespassing incidents, and twice each year conducts its annual training with site staff to ensure effective use of this tool to maintain security at each property. At some properties, stricter enforcement of parking and towing procedures has helped to reduce unauthorized guest incidents.

During FY2005, HAP continued its contract with both Portland and Gresham police to provide liaison officers to specifically serve HAP properties. These officers coordinated police efforts to address specific problem areas at HAP properties and responded to specific HAP landlord and neighbor concerns involving criminal activity. The officers also educated other police staff regarding the regulations controlling assisted housing, provided relevant police reports to HAP staff as needed and conducted on-site investigations. While these contracts were discontinued at the end of the fiscal year because of fewer available funds, HAP staff continue to work closely with the police.

All high-rise buildings are equipped with card-access entry and video security monitors. In addition, on-site assistant site managers provide evening and after-hours presence in many HAP properties. An answering service provides 24-hour response for maintenance and other urgent situations.

HAP staff work cooperatively with local law enforcement officials to monitor criminal activity and arrests made on agency property. By maintaining its buildings and grounds to a high standard, and by strong lease enforcement, HAP strives to create a standard of pride and care that greatly inhibits drug and other criminal activity.

HAP developed a cooperative program with the Multnomah County District Attorney's office to provide access to its tenant-based Section 8 program for persons in the witness protection program, or for endangered witnesses who are income eligible but who are not in the Section 8 program. During FY2005 HAP did not house any families through this agreement due to budget issues (compared to ten the prior year).

Section VIII: Leased Housing Information

This section provides information on Section 8 lease-ups, rent reasonableness, housing opportunity, deconcentration and inspections.

A. Leasing Information

1. Target vs. actual lease-ups for FY2005

The Year Six Moving to Work Annual Plan projected 100% as the lease-up rate. HAP was slightly over leased in 2004 and slightly under leased in 2005, due to funding cuts.

Section 8 Units Leased-up

Year	Units	Units Leased	Percent Leased
1999	5,312	5,124	96.5%
2000	5,410	5,221	96.5%
2001	5,724	5,615	98.1%
2002	5,943	5,862	98.6%
2003	6,021	5,997	99.6%
2004	6,142	6,167	100.4%
2005	6,142	6,058	98.6%

- As of 03/31/2005, there were 6,142 ACC MTW vouchers, 562 SROs and 1,133 non-MTW vouchers. The number of leased units as of 03/31/05 was 6,058.

2. Information and Certification of Data on Leased Housing Management

- **Ensuring rent reasonableness**

HAP staff uses market surveys, rental ads, the Housing Connections database, and a community-wide independent market study to compile rent data. HAP's comparability database includes information on more than 10,000 units. Unit rents may exceed the rent reasonableness chart, which is reviewed every six months to keep up with market trends. The chart is only changed as needed. Rent reasonableness for a particular unit is determined by: location, type of unit (house, apartment, duplex, etc.), similar area rents, amenities and handicap accessibility. Rent reasonableness is checked annually regardless of whether an increase is requested. HAP improved the rent reasonableness system by further breaking down unit types, neighborhoods, assigning values for amenities, and ensuring that all samples are statistically significant.

- **Expanding housing opportunities**

During the past year, HAP continued to attract an average of 30 new landlords a month to the Section 8 program. A number of key initiatives contribute to our success with landlords. HAP advertises the Section 8

Program in the newsletters of the region's two largest landlord association and also publishes a periodic newsletter for landlords. Periodic mailings to landlords and program participants are sent as needed. HAP's Landlord Committee, winner of a 1999 HUD Best Practices award, finds ways to market the program and improve landlord relations. HAP maintains a comprehensive landlord manual explaining the program and procedures. Landlord trainings and conferences are held two to four times per year on topics such as tenant screening, landlord-tenant law, lead abatement, and property maintenance. HAP has a Landlord Hotline to solicit landlord feedback, and added a landlord-only HAP e-mail address to enable landlords to contact our Communications Team after hours.

HAP staff also work to provide additional support to participants' success through better communication. HAP is a partner in the "Ready to Rent" program and produces a periodic participant newsletter to update participants on program changes, procedures, available services, and other salient concerns.

The HAP website lists dozens of vacancies in the county and is updated weekly. This provides the benefit of free advertising for landlords. HAP has also been a partner in developing a Housing Connections database for the Metro Portland area. Section 8 staff also attend landlord trade shows and submit informational articles and ads to landlord association newsletters. The Landlord Advisory committee continues to search for ways to market the program to new landlords. The Section 8 Communications Team provides immediate service to respond to landlord and tenant questions. This team also provides information on a tenant's previous rentals to help background checks go more quickly.

- **Deconcentration of low-income families**

HAP evaluates voucher payment standards at least annually. Currently all payment standards are set between 95% and 100% of fair market rent. HAP maintains information by zip code. HAP takes time during briefing sessions to discuss the benefits of moving to neighborhoods with a low rate of poverty, and also encourages participants to explore areas of the county outside of the City of Portland. The Section 8 Landlord Advisory Committee supports this process by marketing landlord information sessions to all areas of the county with a lower poverty rate. HAP also has a simplified portability procedure to neighboring housing authorities.

B. Inspection Strategy

HAP continues to employ the same inspection strategy described in previous Moving To Work Plans and Reports. HAP performs four major inspections for Section 8 leased housing programs:

- Initial or Transfer (Pre-contract)
- Annual
- Quality Control
- Special (Complaint)

HAP inspects 100 percent of its Section 8 units annually. HAP policy requires that Section 8 landlords must meet HQS standards initially and annually thereafter as long as the participant family resides in the unit.

During Year Six of Moving To Work, HAP continued to expand the successful annual full-building inspection program to apartment complexes with a high number of tenant-based voucher holders and a good repair record. This program has been very successful in reducing no-shows and failed inspections. In total, 34 buildings are participating. HAP anticipates increasing this number in the coming year.

HAP has developed positive partnerships with our landlords, local community agencies, and our participants to address inspection issues. This includes working with the City of Portland and Multnomah County to offer a comprehensive grant program to Section 8 landlords that provides repair funds and inspections of units. HAP also partners with the City of Portland to provide lead abatement grants to landlords participating in the Section 8 program. During FY2005 HAP assisted 215 children age 17 and under with this program (144 last year). HAP consistently offers periodic classes for landlords to learn about responding to and managing this issue. HAP has also provided assistance and advice to other housing authorities on ways to create and improve their lead programs. Our pro-active approach has enabled HAP to retain most of our participating Section 8 landlords despite this and other difficult economic and social challenges.

Inspections for FY 2004 (April 2003 through March 2004)

Inspection Type	Scheduled	Total Passed	Total Failed	Total No Shows
Initial/Transfer	3359	2284 or 68%	853 or 25%	71 or 2%
Annual	8703	5483 or 63%	2611 or 30%	783 or 9%
SROs	699	608 or 87%	84 or 12%	56 or 8%
Quality Control	259	192 or 74%	44 or 17%	23 or 9%
Special (Complaint)	55	40 or 73%	13 or 23 %	2 or 4%
Totals	13,075	8,607 or 66%	3,605 or 28%	870 or 6%

Inspections for FY 2005 (April 2004 through March 2005)

Inspection Type	Scheduled	Total Passed	Total Failed	Total No Shows
Initial/Transfer	3,055			
Annual	9,242			
SROs	673			
Quality Control	210			
Special (Complaint)	49			
Totals	13,229	10,101 or 76%	2,053 or 16%	676 or 5%

Section IX: Resident Programs

This section describes the kinds of housing services offered for Section 8 participants and Public Housing residents.

Discussion of Actions Planned and Actions Taken

PROGRAMS FOR FAMILIES

HAP's Moving to Work Plan for FY2004 offered the Family Self-Sufficiency Program (known internally as the GOALS program). As of March 31, 2005, 585 households were active in the GOALS program as compared to 533 in 2004 and 477 in 2003. During this reporting period, a total of 708 were on active status, with 18 port-outs, 20 voluntary terminations, and 18 terminations for cause. Sixty-eight participants graduated this fiscal year, for a total of 408 since program inception. The average graduate received \$6,082 in escrow savings last year. HAP participants have generated over \$3.3 million in escrow savings over the life of this program. At year's end, there were 301 households on the wait list for this program.

Employment preparation and support continues to be a key service and resident-need of our Self-Sufficiency program. The HUD Resident Opportunities and Supportive Services (ROSS) – Resident Service Delivery Model (RSDM) program has funded training slots in various programs offered through contract by Portland Community College (PCC) Workforce Network for a total of 50 GOALS participants, with over 235 participating in other career development activities offered by PCC and other partners. An average of 13% per quarter of the total GOALS caseload obtained new jobs – a total of 263 participants over FY05.

Homeownership preparation and support has been a typical GOALS program outcome since its inception. At year's end, a total of 155 program graduates had become homeowners, including 29 new GOALS graduate homeowners over this fiscal year. HAP has continued its Pilot Section 8 Homeownership program, with five GOALS/Section 8 participants becoming homeowners during the first year and six this past year. The HUD ROSS-Homeownership Supportive Services grant funded homeownership counseling for 55 Public Housing residents participating in the GOALS program.

As of March 31, 2005, HAP had 9.4 full-time GOALS Coordinators, with 76% of direct service funding coming from grants. Multi-lingual and program specializations have improved employment preparation work with GOALS families, as well as bilingual case management in Spanish (two coordinators) Russian (two coordinators) as well as the ability to work with Bosnian, Cambodian, Croatian, Eritrean, Ethiopian, Laotian, Middle Eastern (Arabic and Farsi), Oromo, Somali, Slovenian, Thai and Vietnamese families in their native language.

As one of five apprenticeship preparation programs in the State of Oregon certified by the Bureau of Labor and Industries, HAP's Evening Trades Apprenticeship Preparation (ETAP) program prepares residents for entry into construction trades apprenticeships. ETAP is funded through a 2001 HUD ROSS Apprenticeship grant and the Community and Supportive Services (CSS) HOPE VI budget. The program has served 246 participants since its inception in 1998. As of March 31, 2005, there are 130 graduates, 79% of whom went on to employment and apprenticeship in various construction trades.

Youth "school success" programs are an important element of the HAP Family programs. Current programs include:

- (1) An Early Childhood Literacy program, involving five AmeriCorps members and four of our housing sites through the Oregon Commission on Voluntary Action and Service. The AmeriCorps program is enhanced with local resources from a Children's Initiative Fund (CHIF) grant from the City of Portland. Over the last year, HAP has served almost 200 youth at four sites.
- (2) An After-School Homework Club at the Iris Court Public Housing community funded by a one-time award from the Albina Weed & Seed organization and after-school homework clubs at five Public Housing sites and three affordable housing sites funded by Multnomah County Mental Health and Addiction Services and Portland's CHIF. Over 350 youth received assistance during the last year.
- (3) A 2003 ROSS-RSDM Family grant, entitled "GOALS for Kids", that served 27 Public Housing middle school youth and their families to make school success bridge to post-secondary education, including provisions for youth financial literacy training, asset-building, and case management.
- (4) A 2003 ROSS Neighborhood Networks grant, to create wireless portable laptop Computer Learning Centers with contracted staffing in coordination with the after-school homework clubs. This grant has served almost 100 youth and adults to date.

PROGRAMS FOR SENIORS AND PEOPLE WITH DISABILITIES

In addition to programs for families, HAP provides programs for seniors and people with disabilities in three different programs targeting primarily households in our high-rise apartment communities.

Congregate Housing Services Program continues to support frail seniors and people with disabilities to live independently in their own apartment by providing basic daily services, such as meals, housekeeping, senior companion, personal care, health and wellness, and case management. Currently, there are 91 clients on this program. HAP has active partnerships with over 20 local agencies and organizations, ranging from

Oregon Department of Human Services to independent contractors that together provide a comprehensive package of services to residents.

The Resident Service Coordination Program provides services and resources to over 1,300 residents who reside in Public Housing. Residents receive assistance with eviction prevention, life skills to increase self-sufficiency, linkages to community mental health and social services agencies and advocacy services. In a six-month period, over 776 residents accessed this service for various services/issues. Most referrals are made by residents themselves and or their site managers.

During the past seven years, the Resident Opportunities and Self-Sufficiency Program has been a consistent service to seniors and people with disabilities. Unfortunately, during the 2004 SuperNOFA, HAP was not eligible to apply for this particular grant due to its existing resident services coordinator program. This program was eliminated in September 2004. However, during this past year a number of programs have survived with community support. Services include senior companion activities and transportation. On a monthly average, 65 residents access one or more of these services.

Section X:
Other Information Required by HUD

Results of latest completed 133 Audit

The audit for the most recent fiscal year is almost completed and will be forwarded to HUD as soon as it is available.